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May 5, 2008

The Honorable A.G. Kawamura, Secretary
California Department of Food and Agriculture
1220 N Street
Sacramento, CA 95814

Re: Opposition to Expansion of July 1st Call of the Hearing

Dear Secretary Kawamura,

On behalf of the dairy families we represent throughout California, Milk Producers Council (MPC) respectfully requests that you deny the hearing petition filed by California Dairies, Inc. (CDI), which would expand the call of the July 1, 2008 hearing to include adjustments to the transportation credits and allowances.

This hearing was originally called on April 25, 2008 by CDFA to address narrow, non-controversial, technical amendments to the Pooling Plan with regard to the Dairy Accounting System (DAS). Given the non-controversial nature of the subject matter, the hearing was appropriately called by the Department without petition from any industry group. It would therefore be inappropriate to expand the scope of this hearing to discuss controversial items, such as adjustments to the transportation credits and allowances.

Certainly, no one denies the economic realities that businesses throughout the U.S. are dealing with. The rising cost of fuel has been a burden on the entire dairy food chain – all the way from the farm to the consumer. But is it the policy of the California dairy industry that producers must bear the full weight of these cost increases? Based on CDI's latest petition, it would appear their answer is "yes."

Each month, more than \$2 million is taken from producers to pay for transportation allowances and credits. At a time when feed and fuel costs for producers are at all-time highs, and milk prices are projected to produce negative margins for dairy families for the foreseeable future, it is imperative that the increased costs associated with transportation be born by the consumer. After all, in a market-driven economy, it is ultimately the consumer that must pay the increased costs of producing a product.

We therefore urge you to deny this request by CDI to expand the scope of the July 1st hearing.

Sincerely,



Robert VandenHeuvel
General Manager